

FISCAL NOTE

Bill #: HB0481

Title: Imposing a utilization fee on hospitals for acute in-patient care days

Primary Sponsor: Lewis, D.

Status: Third Reading - Revised

| | | | |
|-------------------|------|---------------------------------|------|
| Sponsor signature | Date | Chuck Swysgood, Budget Director | Date |
|-------------------|------|---------------------------------|------|

Fiscal Summary

FY 2004 Difference

FY 2005 Difference

Expenditures:

State Special Revenue

\$7,225,925

\$8,732,387

Federal Special Revenue

\$19,418,341

\$22,941,125

Revenue:

State Special Revenue

\$7,289,722

\$8,732,287

Federal Special Revenue

\$19,418,341

\$22,941,125

Net Impact on General Fund Balance:

\$0

\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services

1. The fee revenue will be used to match federal medical assistance payments and the will be redistributed to the hospitals in Montana. HB0481 appropriates these funds in section 15.
2. The Department of Public Health and Human Services will incur additional administrative duties both initially and ongoing. Initial workload increases include required rulemaking and amendments to Montana's Medicaid State Plan. Ongoing tasks will include the annual provision of a list of all hospitals in the state to the Department of Revenue as well as an annual study of hospital reimbursement and utilization in the Medicaid program. The additional ongoing administrative requirements are estimated to cost \$60,000 each year

Department of Revenue

3. This proposal provides that each hospital in the State of Montana must pay a new utilization fee for each inpatient bed day. The fee is \$32.44 during the time period July 1, 2003 through December 31, 2003; and \$19.43 during the time period January 1, 2004 through June 30, 2005.
4. The revenue collected from the utilization fee must be deposited to the credit of the Department of Public Health and Human Services in a state special revenue fund for the purpose of funding increases in Medicaid payments to hospitals as provided in section 14 of this bill.

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(continued)

5. The new utilization fee is effective July 1, 2003 and sunsets June 30, 2005.
6. The utilization fee will generate new revenue of \$7,289,722 in fiscal 2004 and \$8,732,387 in fiscal 2005 going to the credit of the Department of Public Health and Human Services in a state special revenue fund for the purpose of funding increases in Medicaid payments to hospitals.
7. The impacts in assumption 6 are calculated using an estimated annual inpatient bed days of 429,428. The Department of Public Health and Human Services provided this estimate.
8. Under this proposal, the Department of Revenue is responsible for administering the reporting and collecting of the new utilization fee as outlined in sections 1 through 13 of this bill. This will require the Department of Revenue to incur new costs. These costs will be minimal due to the limited number of taxpayers in Montana.
9. The impacts in this fiscal note reflect the revenue collected from the new utilization fee, it does not include impacts from federal money.

| <u>FISCAL IMPACT:</u> | FY 2004 | FY 2005 |
|--|---------------------|---------------------|
| <u>Expenditures:</u> | <u>Difference</u> | <u>Difference</u> |
| <u>Department of Public Health and Human Services (Pgm 07)</u> | | |
| Operating Expenses | \$60,000 | \$60,000 |
| Benefits | <u>\$25,584,266</u> | <u>\$31,613,512</u> |
| TOTAL | <u>\$26,644,266</u> | <u>\$31,673,511</u> |
| <u>Funding of Expenditures:</u> | | |
| State Special Revenue (02) | \$7,225,925 | \$8,732,387 |
| Federal Special Revenue (03) | <u>19,418,341</u> | <u>22,941,125</u> |
| TOTAL | <u>\$26,644,266</u> | <u>\$31,673,512</u> |
| <u>Revenues:</u> | | |
| Federal Special Revenue (03) | \$19,418,341 | \$22,941,125 |
| State Special Revenue (02) | \$7,289,722 | \$8,732,387 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | |
| State Special Revenue (02) | \$63,797 | \$0 |
| Federal Special Revenue (03) | \$0 | \$0 |